



Public Private Partnerships

Board of County Commissioners' Public Hearing for Frederick County Government Employees

July 12, 2011





Public Private Partnerships

Why Are We Here



The legitimate object of government,
is to do for a community of people,
whatever they need to have done, but
cannot do, at all, or can not, so well
do, for themselves – in their separate,
and individual capacities.

--Abraham Lincoln, 1854



What is a Public-Private Partnership (PPP)?

- PPP's are contractual arrangements whereby the resources, risks and rewards of both the public agency and the private company are combined to provide greater efficiency, better access to capital and improved compliance with a range of government regulations regarding the environment and workplace.
- The public's interests are fully assured through provisions in the contracts that provide for on-going monitoring and oversight of the operation, or a service, or the development of a facility. In this way everyone wins – the government entity, the private company and the general public.



Services Assessment Evaluation

The Services Assessment Evaluation from PPP Associates identified the following:

- Analysis of Core Services
- Analysis of Additional Services
- Potential Five-Year Savings of \$84-\$109 million



Five-Year Budget Analysis

	FY2011 Budget	FY2011 Estimated	FY2012 Budget	FY2013 Forecast	FY2014 Forecast	FY2015 Forecast
TOTAL REVENUE	\$414,669,436	\$429,170,000	\$425,120,917	\$427,958,460	\$443,063,060	\$461,260,260
TOTAL EXPENDITURES	\$438,308,019	\$423,326,600	\$449,153,154	\$457,874,154	\$468,085,203	\$487,201,783
One-Time Transfers	\$10,398,678	\$10,398,678	\$3,200,000	\$0	\$0	\$0
Use of Fund Balance	\$13,239,905	\$0	\$20,832,237	\$29,481,983	\$9,070,500	\$9,070,500
SURPLUS/ DEFICIT	\$0	\$16,242,078	\$0	(\$433,711)	(\$15,951,643)	(\$16,871,023)



Net Structural Deficit



No assumptions are made for 2013 and beyond, since structural deficits are determined by how future non-recurring revenues, such as fund balances, are utilized in the budget.



Retirement Plan

- Actuarially funded at 79.3% as of July 1, 2010. The unfunded accrued liability at this date was \$67.3 million.
- Projected to be actuarially funded at 79.5 as of July 1, 2011.



Health Insurance

Recurring Employer Cost (FY 2012)

- Current employees - \$ 14,280,948
- Current retirees (pay-go) - \$ 4,168,493
- Current & future retirees
(trust contribution for
past service) - \$10,355,487



Alternative Service Delivery Models Currently in Use in Frederick County

- Waste Consulting Services (Recycling)
- Software Programming and Maintenance
- Medical and Dental Services
- Mental Health Counseling and Treatment
- Assistance with Snow Removal



Alternative Service Delivery Models Currently in Use in Frederick County

- Sign Construction and Printing Services
- Certain Janitorial Services
- Supplemental Transportation Services
- Maintenance and Electrical Repair Service
- Additional Legal Services
- Construction and Fabrication Services



Alternative Service Delivery Models Currently in Use in Frederick County

- Mowing and Landscaping Services
- Engineering and Surveying
- Graphic Design Work
- Veterinarians
- Security Services
- Communications Services



Examples of Public-Private Partnerships around the Nation

- Florida Division of Environmental Protection formed Public-Private Partnerships that have kept open 53 state parks that would have been closed.
- The New York Metropolitan Transit Authority has formed PPP's on bus routes serving 100,000 riders a day and saving \$8 million annually.



Examples of Public-Private Partnerships around the Nation

- The General Services Administration found private window cleaning costs were 47% lower than government staff, and private operations costs for facilities was 38% lower than traditional government operations.
- The General Accounting Office found a 50% savings when they contracted for janitorial services versus in-house services.



Examples of Public-Private Partnerships around the Nation

- Chicago Mayor Richard Daley saved \$3.7 million by contracting out management of the Harold Washington Library.
- The City of Atlanta successfully transferred parking ticketing and meter collections to a private agency and saved \$1.3 million annually.



Examples of Public-Private Partnerships around the Nation

- Currently nearly 40 percent of cities in America contract out for various recreation services (as do national and state parks systems).
- Cost savings from public private partnerships with recreation facilities operation and management typically range from 20 to 50 percent, and cost savings from partnerships for park landscaping and maintenance generally range from 10 to 30 percent.



Purpose of the Hearing

- Seeking feedback on how to reduce recurring expenditures.
- Seeking input on the composition of a PPP RFP. Note that to date, **NO** RFP's have been requested!
- It is beneficial in these economic times to conduct a thorough self-examination to identify more efficient delivery of services.



Where We Go from Here

1. Input from public hearings.
2. Evaluation of the PPP submittal.
3. Directors evaluation or PPP potential and possible cost reductions/savings.
4. PPP Committee recommendation.
5. RFQ designed and released seeking consultant.
6. RFP issued on the "Yellow Pages Test."



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For additional information, visit:

www.FrederickCountyMD.gov/ppp





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